Before the
Federal Communications Commission
Washington, D.C. 20554

APR 5

FCC 94-79

In the Matter of	)	
	)	CC Docket No. 92-237
Administration of the	)	Phases One and Two
North American Numbering Plan	)	

NOTICE OF PROPOSED RULEMAKING

Adopted: March 30, 1994; Released: April 4, 1994

Comment Date: June 7, 1994
Reply Comment Date: June 30, 1994

By the Commission:

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I. INTRODUCTION

1. Over thirty years before divestiture, the American Telephone and Telegraph Company (AT&T) developed and administered the North American Numbering Plan (NANP) to coordinate the telephone numbers used in most of North America.[1] The Plan of Reorganization that accomplished divestiture in 1984

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1 The NANP now covers 18 nations: Anguilla, Antigua and Barbuda, Commonwealth of the Bahamas, Barbados, Bermuda, British Virgin Islands, Canada, Cayman Islands, Dominican Republic, Grenada, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, Turks

transferred administration of the NANP from AT&T to Bell Communications Research, Inc. (Bellcore), an entity owned by the seven Regional Bell Operating Companies (RBOCs).[2] Administration of the NANP has evolved from its earlier focus on conventional area codes to include other numbering resources such as service access codes (e.g., 500 and 900 codes), N11 codes (e.g., 411), and carrier identification codes. As a result, the NANP administrator coordinates many of the telephone numbers used in North America. To explore issues pertaining to future administration of these numbering resources under the NANP, we opened this docket with a Notice of Inquiry (NOI) in October 1992.[3]

2. At the outset, we note that adequate telephone numbers, available through a uniform numbering plan, are essential to provide efficient access to new services and technologies and to support continued economic growth. The telecommunications industry will require many additional telephone numbers to accommodate the increasing consumer demand for existing communication services such as facsimile transmission, cellular telephony, and pagers and also to meet the expected demand for new services such as personal communications systems and other new mobility services. Because of the importance of telephone numbers and the many different concerns raised regarding them, the NOI was structured to address both narrower technical issues and broader policy questions concerning future administration of these numbers.

3. Specifically, the NOI divided this docket into two phases: Phase One, which requested comments on the identification of an appropriate entity to administer the NANP, future funding for such administration, and how such administration might be improved; and Phase Two, which sought comment on the costs, benefits, and technical issues associated with expanding Feature Group D (FGD) Carrier Identification Codes (CICs) from a three-digit to a four-digit format.[4]

4. In this Notice, we discuss each phase in a separate section. In Section II, which addresses Phase One, we tentatively conclude that ministerial administration of the NANP should be undertaken by a single, non-government entity. We seek comment on whether a new board should be created to assist in establishing numbering policy and resolving disputes, subject to oversight by this Commission and other regulators. We also tentatively conclude that this Commission should impose fees to recover its costs of regulating numbering resources. In addition, we seek comment on whether this Commission, with other World Zone 1 regulators, should impose mandatory number charges to finance the international administration of the NANP. In Section III, which discusses issues raised in Phase Two of the NOI, we tentatively conclude that we should establish a transition period of six years for the expansion of FGD CICs to a four digit format. In addition, we seek comment on whether we should require LECs in equal access areas to deliver interstate, intraLATA "1+" Message

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and Caicos, and the United States (including Puerto Rico and the U.S. Virgin Islands).

2 The amended Plan of Organization was approved by the U.S. District Court for the District of Columbia in U.S. v. Western Electric Co., 569 F. Supp. 1057 (D.D.C. 1983).

3 Administration of the North American Numbering Plan, CC Docket No. 92-237, 7 FCC Rcd 6837 (1992).

4 In response to the NOI, we received comments from a broad cross-section of local exchange carriers (LECs), interexchange carriers (IXCs), competitive access providers (CAPS), regulators, and others. Most parties commented on both phases in their initial comments. Appendix A lists parties filing comments, reply comments, or both, in response to either phase of the NOI.

Telephone Service (MTS) calls to the carrier preselected by the end user. We also invite comment on the other proposals and tentative conclusions discussed in this Notice.

II. PHASE ONE OF THE DOCKET

A. Background

5. In Phase One of the NOI, we sought comment on whether Bellcore should continue as administrator of the NANP or be replaced by another entity. We also invited comment on how NANP administration might be improved and funded.[5] In addition, we requested comment on numbering for personal communications services and on local number portability. We also tentatively addressed various other numbering issues.[6]

6. Since the NOI was released in October 1992, there have been several significant developments on numbering issues. For instance, Bellcore has advised us that it desires to relinquish administration of the NANP.[7] In addition, many industry numbering activities have now been consolidated in a single Industry Numbering Committee (INC).[8] Also, the Future of Numbering Forum (FNF), attended by a broad cross-section of the telecommunications industry, has focused its efforts on broad proposals to improve the administration of the NANP while referring more specific issues to the INC.[9]

7. Based upon our experience with numbering issues as well as the comments received in this docket, we find that the overall administration of the NANP necessarily involves four separate, but related, functions: policy-making; dispute-resolution; maintenance of number databases; and processing applications for numbers. Accordingly, this Notice considers the need for better defined mechanisms to handle each of these functions as well as the identification of a new administrator and procedures for funding NANP administration and this Commission's related regulatory activities.

8. Before discussing these substantive matters, we briefly address our jurisdiction over telephone numbers.[10] Under Section 2(a) of the

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5 NOI, 7 FCC Rcd at 6837 (para. 3).

6 NOI, 7 FCC Rcd at 6842 (paras. 40-41).

7 Letter from G. Heilmeier, President and CEO, Bellcore, to Commission (Aug. 19, 1993).

8 In July 1993, the Industry Carriers Compatibility Forum (ICCF) formally established the INC as a standing committee to supervise all industry work relating to the assignment and use of NANP numbering resources. The ICCF was established by the Carrier Liaison Committee of the Alliance for Telecommunications Industry Solutions (ATIS) formerly known as the Exchange Carrier Standards Association (ECSA).

9 Bellcore established the FNF to consider and act upon its January 1992 Proposal on the Future of Numbering in World Zone 1 and related matters.

10 Broadly speaking, "telephone numbers" describe not only the numbering plan area (NPA) code, central office (CO) code, and station or line number that comprise the familiar ten-digit number used to make telephone calls, but also a variety of other numbers and codes necessary for effective and efficient telecommunications. For example, telephone numbers also include carrier

Communications Act, 47 U.S.C. § 152(a), this Commission has broad jurisdiction over "all interstate and foreign communication by wire or radio . . . which originates ... or is received within the United States." More specifically, under Section 201(a) of the Act, 47 U.S.C. § 201(a), it is "the duty of every common carrier engaged in interstate or foreign communications . . . in accordance with the orders of . . . [this] Commission, . . . to establish physical connections with other carriers, to establish through routes . . . applicable thereto . . . and to establish and provide facilities and regulations for operating such through routes." Telephone numbers are an indispensable part of the "facilities and regulations" for operating these "through routes" of physical interconnection between carriers and are therefore subject to our plenary jurisdiction under the Act.[11] Accordingly, this Commission may issue orders and otherwise regulate such numbers and their administration.

B. International Implications

9. Among the 18 countries in World Zone 1, the NANP allows international calls to be dialed without the need for international access codes and international country codes. The advantages of widespread access to such a seamless network are considerable. The European community is now seeking to integrate their national numbering plans to achieve the same benefits and efficiencies already experienced in World Zone 1. Accordingly, the NOI sought comment on the costs and benefits of continuing the current internationally integrated numbering plan.[12]

10. Continuance of an integrated numbering system within World Zone 1 increases the complexity of establishing a new NANP administrative structure. For example, any fees imposed by this Commission would ordinarily apply only to numbers, carriers, and other entities within our jurisdiction. Notwithstanding such challenges, we recognize the importance of international coordination to the continued success of the NANP. Thus, we invite comment on the international implications of the proposals in this Notice for the selection, organization, and funding of a replacement NANP administrator. In particular, we will forward copies of this Notice to the appropriate foreign authorities in the countries covered by the NANP and solicit their views on these matters.[13]

C. A New Administrator

11. Bellcore, the current NANP administrator, assigns numbers in accordance with principles and guidelines established through industry consensus procedures. Thus, the administrator does not normally set policy or resolve disputes. In the NOI, we asked how the administrative process might be improved. Many commenters assert that the ministerial functions now performed by Bellcore should be assigned to a registrar entity while policy issues and dispute

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identification codes (CICs), available service codes (N11 codes), and vertical service codes. Vertical service codes (e.g., *74) are used by LECs to provide end users with special services such as call forwarding and call tracing.

11 See The Need to Promote Competition and Efficient Use of Spectrum for Radio Common Carrier Services, 2 FCC Rcd 2910, 2912 (para. 19)(1987), recon. 4 FCC Rcd 2369, 2369-70 (para. 7) (1989) (Commission asserts plenary jurisdiction over CO codes).

12 NOI, 7 FCC Rcd at 6840 (para. 28). See, e.g., MFS, comments, p. 6 (noting existence of other national regulatory authorities); Ameritech, comments, p. 5 (urging retention of current internationally integrated system).

13 See note 1, supra, for a list of these countries.

resolution should be the responsibility of a new organization solely concerned with numbering policy.[14] In this sub-section, we address the identification of the next NANP administrator as well as the specific administrative functions to be performed by that administrator. In the following sub-section, we consider the functions of policy-making and dispute resolution.

12. To assume the role of NANP administrator, commenters suggest various existing public and private organizations or recommend the creation or use of non-government entities. Some commenters believe that this Commission should administer the NANP because we must ultimately decide many of these numbering issues.[15] If not undertaken solely by this Commission, Ad Hoc contends such administration should be a joint responsibility of this Commission and the National Association of Regulatory Utility Commissioners (NARUC).[16] If this Commission chooses not to handle such administration, MFS urges that the National Telecommunications and Information Administration (NTIA) assume sole responsibility for such administration.[17] Some commenters note the availability of existing, non-government entities such as NECA and ATIS, while others suggest the use of private firms for such purposes.[18] Among U.S. government agencies, it initially appears that NTIA, the Department of State, or this Commission could undertake the NANP administrative functions within our national jurisdiction.

13. NTIA, the Department of State, and this Commission each have, or could acquire, the necessary expertise. Among other qualifications, the State Department has experience in international communications issues. NTIA has experience in spectrum management that would be useful in number administration. In addition to the Commission's experience in such areas, we are also familiar with specific numbering issues that have been the subject of Commission proceedings, have worked with the current NANP administrator, and participated in numbering forums and similar activities. Moreover, under recent legislation, costs incurred by this Commission in performing such functions, as well as other related regulatory activities, could be recovered through fees.[19]

14. While this experience suggests that this Commission may be the

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14 See Appendix B for summaries of proposals received in this docket for numbering policy boards, councils, and similar entities.

15 See, e.g., Allnet, comments, p. 2. GTE notes that at one time this Commission assigned Data Network Identification Codes. GTE, comments, p. 6.

16 Ad Hoc, comments, p. 30; But see, NYNEX, comments, pp. 5-6 (contending complex technical issues mandate continued use of industry consensus approach and suggesting that Commission leave ministerial functions to others).

17 MFS, reply comments, p. 2-5.

18 See, e.g., USTA, comments, pp. 4-5 (arguing disadvantages of industry groups); See, e.g., CTIA, comments, p. 5 (suggesting that NANP administrative function be made available for competitive bids by private firms). See also, Telocator, comments, pp. 5-6; Metrocall, comments, p. 5 (recommending that private firms bid on a contract for NANP administration and that the contract be awarded to the bidder that proposes the lowest per number charge). But see MCI, reply comments, p. 4 (opposing any competitive bids in favor of Commission selection or establishment of an administrator).

19 See Omnibus Budget Reconciliation Act of 1993, P.L. No. 103-66, approved Aug. 10, 1993 (Omnibus Budget Reconciliation Act). The Communications Act now provides for regulatory fees as well as application fees.

most appropriate government entity to administer the NANP in the future,[20] we believe it would be more efficient if the ministerial tasks of assigning national numbering resources and other less controversial functions were vested in others while we focused our resources upon oversight and larger numbering policy issues. Therefore, we tentatively conclude that no U.S. government agency is ideally suited to administer the U.S. portion of the NANP, but that, based upon our experience and expertise, this Commission could best assume those ministerial functions if they are to be performed by any such agency.

15. We also have considered existing, non-government entities, including the National Exchange Carrier Association (NECA) and the Alliance for Telecommunications Industry Solutions (ATIS, formerly the Exchange Carrier Standards Association) as possible administrators of the NANP. Established by the LECs in response to a 1983 order of this Commission,[21] NECA has considerable knowledge of the telecommunications industry and significant experience in collecting and disbursing funds for Commission programs. The ATIS, originally established to set and coordinate industry standards, has considerable knowledge of numbering issues through the activities of its various committees and forums. Because of its close identification with the LEC industry segment, however, NECA -- like Bellcore today -- would inevitably face questions regarding its impartiality. For this reason, we tentatively conclude that NECA could not effectively perform these administrative functions at this time. While in the past ATIS has also been closely identified with LECs, we note that ATIS recently expanded its governing board and its membership to include many entities which are not LECs. Accordingly, we seek comment on whether ATIS or some component of ATIS could handle future NANP administration subject to our oversight.

16. Alternatively, these functions might best be performed by a new, non-government entity.[22] If the Commission were to establish such a separate, non-government entity, we could reasonably assure that the new administrator would not be closely indentified with any particular industry segment, yet also accountable to regulators and responsive to the needs of the industry. We could also be in a position to assure that the new administrator would be adequately funded and staffed, yet subject to appropriate financial and other management controls. Accordingly, we seek comment on whether we should establish, subject to our oversight, a new, non-government entity to handle future administration of the NANP.

17. Finally, we believe that the next administrator should be designated promptly and that shifting administrative responsibilities from

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20 We do not believe it would be practical to establish a joint FCC/NARUC administrative entity at this time to handle number administration within World Zone 1. Even if such an entity were established at NARUC, that association's structure and deliberative processes would be too unwieldy to promptly address the many complex and often time-sensitive issues incident to such administration. However, if specific problems arise involving the jurisdiction of state and other local regulators, we would anticipate working either informally with NARUC, or more formally, through a federal-state joint board to resolve those problems.

21 MTS/WATS Market Structure, Third Report and Order, 93 FCC 2d 241 (1983).

22 This Commission relies on non-government entities for assistance in other areas involving the coordinated use of limited resources under our jurisdiction. For example, private land mobile license applications that require frequency coordination are first sent to non-government frequency coordinators who review the applications, coordinate the use of designated frequencies, and provide other services. See Section 332(b)(1) of the Communications Act, 47 U.S.C. § 332(b)(1) and Sections 90.127, 90.175-90.176, of the Commission's Rules, 47 C.F.R. §§ 90.127, 90.175-90.176.

Bellcore to the new entity should begin as soon as possible after its designation. In view of the importance of the implementation of interchangeable numbering plan areas (INPAs) to the continued success of the NANP, however, we tentatively agree with those who contend that any change to a new administrator should be deferred until such implementation is completed.[23] Accordingly, to maintain continuity in the course of such implementation, we tentatively conclude that the transition period should begin as soon as the new administrator is identified, and that it should extend to a date at least six months after the change to INPAs in January 1995.

18. In sum, we tentatively conclude that NANP administrative functions would best be performed by a single, non-government entity established by this Commission and, therefore, subject to our oversight but also separate from this Commission and not closely identified with any particular industry segment. We request comment on these tentative conclusions and on the parameters defining mission, management, structure, functions, personnel, and capabilities of a new NANP administrator.

D. Policy Making and Dispute Resolution

19. As with the development of technical standards, most numbering issues have been addressed by forums and other consensus-building processes within the industry rather than through proceedings undertaken by government agencies. The NOI sought comment on how to provide the most effective oversight of the NANP, noting earlier requests that such forums include more open and equitable administrative processes that encourage participants to be more accountable. In general, we asked how this Commission should oversee Bellcore or any other entity charged with NANP administration and what advisory or oversight bodies, if any, should be established. The NOI also sought comment on whether alternative dispute resolution techniques such as mediation, arbitration and negotiated rulemaking could be applied to situations in which the industry is unable to achieve consensus.

20. Several commenters question current consensus procedures and urge greater Commission involvement in resolving numbering issues. Some claim that far too many groups have responsibility for or oversight over numbering issues.[24] MCI complains that "forum shopping" may be used by larger organizations to achieve anti-competitive objectives at the expense of smaller organizations.[25] Cox criticizes current consensus procedures, claiming that they favor the parties with the most resources because active participation requires "incredible stamina and enormous, dedicated resources."[26]

21. On the other hand, Ameritech maintains that current Bellcore and industry forum procedures are the most effective way to maintain the current integrated and cost-effective multinational plan to provide an adequate supply of numbers and codes on a non-discriminatory basis to all qualified carriers and

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23 See, e.g., USTA, reply comments, p. 3. But see, Cox, reply comments, p. 4-5; Sprint, reply comments, p. 3; MCI, reply comments, pp. 4-5; MFS, reply comments, p. 3; Telocator, reply comments, pp. 7-9 (urging prompt selection of new neutral administrator to handle INPA implementation and other issues).

24 CTIA claims 12 separate forums or other entities address 26 specific numbering issues. CTIA, comments, p. 2. See also Cox, comments, pp. 12-13.

25 MCI, comments, p. 17.

26 Cox, comments, p. 6 (citing, as an example of the problem, the lengthy process leading to development of NXX code assignment guidelines).

customers. [27] NYNEX agrees, contending that these existing forums and related industry consensus procedures are adequate to provide "advice and guidance" to the NANP administrator under the Commission's policy direction and with input from state regulators.[28] Even supporters of existing consensus procedures, however, acknowledge the current fragmentation of policy-making and the attendant difficulties for industry participants.[29]

22. While some commenters encourage establishment of more formal procedures to avoid or resolve disputes that arise following adoption of numbering policies, there did not appear to be significant support for alternate dispute resolution procedures such as mediation and arbitration.[30] Other commenters urge more active Commission involvement in policy-making, resolution of disputes, and supervision of NANP administration.[31]

23. To promote more Commission involvement in these areas, commenters suggest various structural changes. Many favor establishing a new numbering policy board, council, or similar body that would, depending on the proponent, establish numbering policy subject to Commission review, supervise forum consideration of numbering policies, resolve disputes between parties and forums, retain and supervise the NANP administrator, and/or establish a funding mechanism for NANP administration as well as its own activities. Appendix B contains a summary of these proposals. Others do not appear to support creation of a new entity but rather favor consolidation of numbering issues before one of the existing forums or this Commission. As noted earlier, since the release of the NOI, two industry forums -- the Future of Numbering Forum and the Industry Numbering Committee -- have been established to meet this goal.

24. Although existing forums have been able to achieve consensus solutions of many important issues among diverse groups -- including not only representatives of industry and users but also of various regulatory and consumer organizations -- no regular mechanism appears available to decide issues or resolve disputes when no consensus or other agreement can be reached. Thus, the existing system of forums with their reliance on consensus may be deficient in that difficult decisions may be unreasonably delayed or simply not made at all. Disputes between parties as well as broader policy issues, can, in theory, be resolved through complaints to this Commission, petitions for declaratory rulings, and other existing procedures. However, we recognize that such procedures may be time-consuming and cumbersome and may cause this Commission and other regulatory bodies to expend significant resources to resolve relatively minor disputes and policy issues that might be handled better by a special body established for that purpose.

25. We seek comment on whether we should establish a new policy board to assist regulators in developing and coordinating numbering policy under the NANP. Subject to regulatory oversight, such a board might also guide the new

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27 Ameritech, comments, pp. 2,4.

28 NYNEX, comments, p. 2. Accord, Bellcore, comments, pp. 6-7 (acknowledging current consensus procedures may be imperfect but contending such procedures have been successful).

29 Bellcore, comments, p. 8; Southwestern, comments, p.5 (suggesting a single forum to address all issues not specifically addressed in standards arena).

30 See, e.g., Pacific, comments, pp. 5-6 (contending arbitration and mediation may be useful for fact-based disputes but not for policy-based disputes).

31 McCaw, reply comments, p. 8; Cox, comments, p. 10; NPTC, comments, p. 3; MFS, comments, p. 5. But see NYNEX, comments, p. 5; SNET, comments, p. 4.

NANP administrator and either resolve numbering disputes itself, encourage mediation or arbitration, or refer such matters to this Commission. Such a board might offer a less-burdensome alternative to existing policy-making and dispute resolution procedures. Thus, any rights of interested parties to seek the intervention of regulatory agencies through complaints, petitions, and other existing procedures would not be impaired. We seek comment on our legal authority and the procedures available to establish such a board. We also seek comment on the following related procedural matters: whether this Commission and/or others should appoint board members; the appropriate representation of United States entities such as domestic carriers and users including federal and state government regulators; the appropriate representation of foreign carriers and users including foreign regulators and international bodies; the terms and conditions of board membership; meeting procedures and the board chair; appeal of board decisions; and the size and staffing of the board. We also seek comment on the extent, if any, to which the Federal Advisory Committee Act[32] would apply to such a board.

E. Functions of the NANP Administrative Organization

26. The current NANP administrator, Bellcore, assigns the following numbers: Numbering Plan Area (NPA) codes -- popularly known as "area codes"; central office (CO) codes for 900 numbers (e.g., 900-**692**-XXXX);[33] Carrier Identification Codes (CICs) that enable IXCs and others to have more direct access to the public switched network;[34] service access codes (N00) (e.g., 300, 500), service codes (N11 codes); (N11 codes) (e.g., 411, 711);[35] and CO codes (NXX) within NPA 809 for Bermuda and the Caribbean.[36]

27. Bellcore also assigns vertical service codes used by LECs (e.g., *73 for "call forwarding activation"). Under an agreement with the T1 Committee of ATIS,[37] Bellcore administers SS7 network address codes and, in response to an agreement of the Industry Carriers Compatibility Forum (ICCF), administers Automatic Number Identification (ANI) II digits.[38] In light of the evolution of telecommunications technology and the national information infrastructure, we expect the number and complexity of those functions to increase, making

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32 Federal Advisory Committee Act, P.L. No. 92-463, 5 U.S.C., Appendix 2.

33 The NANP administrator generally does not assign Central Office (CO) (NXX) codes within each NPA. Assignment of these codes is currently made by the largest LEC within each NPA -- often but not always a Regional Bell Operating Company (RBOC).

34 Paragraph 45 and 46, infra, explain the significance of these CICs.

35 These service codes represent an extremely scarce resource in which there has been increased interest in recent years. See The Use of N11 Codes and Other Abbreviated Dialing Arrangements, CC Docket No. 92-105, 7 FCC Rcd 3004 (1992).

36 Prior to April 1, 1993, Bellcore also assigned NXX codes for 800 numbers.

37 The Alliance for Telecommunications Industry Solutions (ATIS) was formerly known as the Exchange Carrier Standards Association (ECSA). See para. 15, supra, for additional information on ATIS.

38 Bell Communications Research, Inc. (Bellcore), North American Numbering Plan Administrator's Proposal on the Future of Numbering in World Zone (WZ) 1 (Future of Numbering Proposal), (2d. ed.), Jan. 4, 1993, Appendix C; National Association of Regulatory Utility Commissioners, Petition for Notice of Inquiry, filed Sept. 26, 1991, pp. 3-4.

successful administration even more critical to this Commission's goal of rapid, efficient wire and radio communications service worldwide.[39]

28. Some commenters argue that the NANP administrator should assume the responsibility for assigning central office (CO) codes in all NPA areas.[40] Centel urges Commission administration of CO codes to ensure that cellular carriers are not prevented from obtaining essential codes.[41] Similarly, MFS submits that CO codes should either be assigned by national authorities, such as this Commission or NTIA, or by state regulatory agencies operating under consistent national guidelines.[42]

29. As Bellcore prepares to transfer its NANP functions to a new administrator, we tentatively conclude that the new NANP administrator should not only assume those functions customarily performed by Bellcore but should also perform the additional functions associated with the assignment of CO codes. We believe that the public interest would be served by centralizing CO code functions at this time, at least for those CO codes used within the United States, pending review of the actual operation of the CO code guidelines adopted by the ICCF in July, 1993. We seek comment on these conclusions.

F. Funding for NANP Administration

1. Background

30. The NOI requested information on how the costs of NANP administration should be recovered in the future.[43] In designing a new system to recover the administrative costs of the NANP, commenters stress the importance of a fair and equitable allocation of the costs to all who use the numbers or otherwise benefit from the related number planning, implementation, and administration.[44] CSCN adds that impartial numbering administration will only be perceived to occur if funding is provided "on the widest industry base practicable -- including all of North America."[45]

31. As we consider alternatives to fund administration of the NANP, we again note the complexities of administering a numbering plan that covers not only the United States but also other countries as well. While the funding mechanisms we consider here focus primarily on raising funds from United States sources, we also invite comment on how the costs of administering an

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39 Some note that the NANP administrator may be assigning additional number resources including: (1) new codes for the Intermediate Signalling Network Identifier (ISNI) used with the SS7 signalling network; (2) numbers for the Public Switched Digital Service (PSDS); and (3) numbers for Personal Communications Service (PCS). See, e.g., NARUC, comments, p. 2.

40 See, e.g., Ad Hoc, comments, p. 29; McCaw, comments, p. 8; Teleport, comments, p. 5-6. BellSouth, comments, p. 2, 24; Bell South, reply comments, p. 7 n. 6.

41 Centel, comments, p. 3 n. 1.

42 MFS, comments, p. 42.

43 NOI, 7 FCC Rcd at 6840-6841 (paras. 28, 33-35).

44 NARUC, comments, p.4; Cox, comments, p. 11-12; Southwestern, reply comments, p. 6.

45 CSCN, comments, p. 1.

internationally integrated plan might be shared among the countries involved.

2. Application and Regulatory Fees

32. Under the Omnibus Budget Reconciliation Act, this Commission has authority to collect not only "application fees" but also "regulatory fees to recover the costs of [our] . . . enforcement, policy and rulemaking activities, user information services, and international activities."[46] As our current oversight of numbering issues involves each of these four activities, it appears we could collect additional regulatory fees for oversight of NANP administration.

33. If this Commission were to assume the role of NANP administrator, the use of application and regulatory fees may provide a means of fully recovering the costs of administration from those who most directly benefit from that service in the United States.[47] If an entity separate from the Commission were established, such fees could be used to recover the Commission's costs in overseeing such administration. In addition, if such an entity were retained under a contract with the Commission, we seek comment on whether such fees could also be used to offset the costs of that contract. We also invite comment on the procedural steps necessary to implement this proposal to cover the Commission's costs.

3. Other Cost Recovery Mechanisms

34. There are a number of other mechanisms that might be employed to recover those NANP administrative costs that might not be offset by Commission fees, for example, if an entity separate from the Commission administers the NANP. These include voluntary contributions, charges for numbering resources, and other funding alternatives.

a. Voluntary Contributions

35. Several commenters support voluntary industry funding of NANP administration. For example, MCI recommends that administrative expenses be recovered through a system of voluntary contributions similar to the contribution scheme employed by the Telecommunication Standards Sector of the International Telecommunication Union (TSS/ITU).[48] One advantage of such a voluntary scheme would be its flexibility. It may also facilitate participation by non-U.S. entities that benefit from NANP administration but which might not be subject to our proposed numbering fees. However, a scheme relying on voluntary contributions could result in fluctuating income which, in turn, could frustrate budget and other operational planning. We seek comment on these issues and, in particular, how NANP administrative costs should be recovered from number users outside the United States.

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46 Section 8 of the Communications Act provides for the collection of "application fees" and Section 9 of the Act now provides for "regulatory fees." See Title VI of the Omnibus Budget Reconciliation Act, Section 6003.

47 Under Section 9(b)(1)(A) of the Communications Act, as amended by the Omnibus Reconciliation Act, the amount of the "regulatory fees" to be collected for a given activity is "derived by determining the full-time equivalent number of employees performing the activit[y] ... adjusted to take into account factors that are reasonably related to the benefits provided to the payor of the fee by the Commission's activities ...." Omnibus Budget Reconciliation Act, Section 6003.

48 MCI, reply comments, p. 15. See Appendix B for other proposals for self-funded organizations to handle or supervise NANP administration.

b. Charges for Numbering Resources

36. The record in this docket includes many proposals to collect funds from those who request and use numbering resources. For example, some contend that the administrative costs should be borne by carriers in proportion to the number resources directly assigned to them.[49] Others suggest an arrangement under which charges would be collected both for the assignment of new numbers and for the continued use of previously assigned numbers.[50] Some commenters recommend that any numbering charges be paid to a new NANP policy board or similar body which, in turn, would use these funds to establish and finance the NANP administrator.[51] Others suggest such charges be paid directly to the NANP administrator.[52] As noted above, others urge this Commission to collect fees for these purposes. To recover those NANP administrative costs not offset by Commission application or regulatory fees, i.e., costs not related to Commission administration, we seek comment on whether the costs of NANP administration would best be recovered by a system of cost-based number charges established with other World Zone 1 regulators and payable directly to the new NANP administrator by those who are assigned telephone numbers and those who otherwise directly benefit from NANP administration. We note, however, that under this proposal, collection and disbursement of such charges would be subject to oversight by the proposed policy board and relevant regulators.

c. Other Funding Alternatives

37. While we invite comment on whether the costs of NANP administration would be best recovered through Commission fees or other cost-based charges, there may be other reasonable funding alternatives. For example, this Commission could establish a new numbering administration fund supported by mandatory contributions, impose a mandatory numbering surcharge on one of NECA's existing funds, or simply authorize the use of annual surpluses from one or more of these funds (e.g., the Telecommunications Relay Services (TRS) fund) to support number administration. Just as this Commission employed Section 203 of the Act to establish the carrier common line pool,[53] we tentatively conclude that we have authority under Sections 201 and 203[54] to create a similar fund or pool to finance future NANP administration. One advantage of using surpluses

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49 Teleport, comments, pp. 3-6, CTIA, comments, p. 5; NPTC, comments, p. 3 (favors funding based upon amount of numbers an organization controls); Vanguard, comments, p. 5 (supports small charge per user; contends charge might be as little as one cent per month); Sprint, comments, p. 7 (favors counting customers to determine amount due from each carrier but carriers with smaller customer counts would be exempt). But see MCI, reply comments, p. 5 (opposes such proportional approaches as unfair burden on larger carriers).

50 Cox, comments, pp. 11-12; PageNet, comments, pp. 6-7.

51 See, e.g., CTIA, comments, p. 5.

52 See, e.g., Ameritech, comments, pp. 10,15.

53 See MTS and WATS Market Structure, CC Docket No. 78-22, Phase 1, Third Report and Order, 93 FCC 2d 241, 334 (para. 343) (1983).

54 As noted above, the Commission exercises jurisdiction over telephone numbers under Section 201(a) of the Act, 47 U.S.C. § 201(a). Section 201(b) of the Act, 47 U.S.C. § 201(b), includes a broad grant to the Commission of authority to prescribe necessary rules and regulations. Also, the Commission has authority to modify any requirements made by or under the authority of Section 203 of the Communications Act, relating to schedules of charges. See Section 203(b)(1) of the Act, 47 U.S.C. § 203(b)(1).

from existing funds or a surcharge may be that funds could be collected more quickly. In addition, these administrative costs could be spread over a large number of entities thus reducing the burden on any particular entity or group. A disadvantage is that those who primarily benefit from number administration might not necessarily be the ones who bear the primary burden of any surplus or surcharge formula. We invite comments on these tentative conclusions.

38. Our plans for future funding of NANP administration may be summarized as follows: first, we propose to establish a set of Commission fees payable by those who are assigned or who otherwise directly benefit from the use and regulation of telephone numbers within the United States portion of World Zone 1. These fees would be used to offset the costs incurred by this Commission in regulating numbers. We also seek comment on whether such fees could be used to accomplish other Commission objectives. Second, in the event there are NANP administrative costs not covered by Commission imposed fees, we propose to establish, with other World Zone 1 regulators, a system of charges payable directly to the new NANP administrator by those who directly benefit from operation of the NANP subject to appropriate oversight. If only a small amount of funds is needed each year in comparison with the administrative costs of establishing and maintaining a new system of charges for those who benefit from NANP operation, a third alternative might be to use surpluses from an existing NECA fund or to impose a small surcharge on contributors to such a fund to finance the administration of telephone numbers in the United States.

G. Other Numbering Issues

39. The NOI sought comment on numbering for personal communications services (PCS) and on local number portability. Several LECs contend that Commission action on PCS numbering should be deferred until PCS becomes more defined and a numbering scheme is developed through appropriate industry forums.[55] Cox, McCaw, MCI, and others disagree and urge the Commission to address PCS numbering issues promptly, contending that broad availability of PCS itself will depend on the availability of appropriate numbers on a non-discriminatory basis and in a format that does not disadvantage some competitors.[56] Specifically, they ask this Commission to declare as soon as possible that existing mobile service providers may obtain PCS N00 NXX codes on a non-geographic, non-discriminatory basis.[57]

40. In June 1993, following release of the NOI, the administrator of the NANP announced that, in August 1993, absent contrary instructions from the Commission, it would assign the 500 service access code for PCS and within that code would proceed to assign NXX codes to certain companies that had requested expedited assignment.[58] Subsequently, several parties requested that the Commission review this matter, in part, because only a limited record existed on

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55 Ameritech Comments at 11 (noting current PCS numbering activities of TSS/ITU, T1 Committee of the ECSA, and of the ICCF); Bell Canada, comments, p. 4; GTE, comments, p. 13-15; NYNEX, comments, p. 7; Rochester, comments, p. 4.

56 Cox, comments, p. 1; MCI, reply comments, p. 16-18; McCaw, comments, p. 17; see also, APC, comments, p. 1-4; GTE, comments, p. 15; Metrocall, comments, pp. 2, 7-8; PageNet, comments, p. 8; Telocator, comments, p. 13; Telocator, reply comments, p. 5-6.

57 McCaw, comments, p. 17; see also, Fleet Call, reply comments, pp. 5-7; MCI, comments, p. 30; Telocator, comments, p. 13; Telocator, reply comments, pp. 5-6.

58 Letter from R. Conners, Director, NANP Administration, Bellcore, to K. Levitz, Acting Chief, Common Carrier Bureau (June 23, 1993).

this issue.[59] The Common Carrier Bureau directed a delay in the proposed assignment and has invited comments on the issues involved.[60] In light of these developments, we will not take further action on PCS numbering in this docket.

41. Local number portability issues also attracted many comments. Depending on the definition of the term,[61] the parties contend that local number portability is either: (a) available, at least to some extent, at the present time;[62] (b) not presently available but sufficiently feasible and important that this Commission should, following an inquiry, order LECs to provide it upon reasonable request;[63] (c) not feasible at all; or (d) feasible to such a limited degree that it should not be required pending further study by state regulators and industry forums.[64]

42. Providing local number portability in each of the current 160 geographic NPAs would appear to be at least equal in complexity and cost to the current nationwide 800 database system without taking into account the need for interactions between NPAs.[65] We recognize the importance of local number portability to the promotion of competition in the local exchange market. However, we believe far more study of the technical feasibility, implementation costs, and overall benefits of such portability is needed before we can determine whether this Commission should mandate local number portability. Accordingly, we defer consideration of this issue to a future proceeding.

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59 See, e.g., Letter from J. Bork, U.S. West, to R. Conners, Director, NANPA (July 7, 1993). See also, Letters, dated July 28, 1993, to K. Levitz, Acting Chief, Common Carrier Bureau, from L. Kennedy, counsel for Comcast Cellular Communications; R. Foosaner, Senior Vice-President, Nextel Communications; W. Hartenberger, attorney for Cox Enterprises; Letter from L. Hook, CEO, Time Warner Telecommunications, to K. Levitz (July 29, 1993); Letter from G. Szabo, Vice-President, CellularOne, to P. Wynns, Chief, Industry Analysis Div., Common Carrier Bureau (July 29, 1993).

60 Commission Requests Comment on Proposed Assignment of the 500 Service Access Code for Personal Communications Services, Public Notice, Mimeo 34306 (released Aug. 5, 1993).

61 US West offers four definitions of the phrase "local number portability" and notes that even the term "local" is not entirely clear. US West, comments, pp. 1-4. See also Bell Canada, comments, p. 5; NYNEX, comments, p. 8; Pacific, comments, p. 13; Pacific, reply comments, p. 5; Southwestern, comments, p. 13; McCaw, comments, p. 19; MCI, reply comments, p. 23.

62 US West, comments, pp. 1-3.

63 MFS urges the Commission to require LECs to provide local number portability within a year after a bona fide request unless the LEC can provide clear and convincing justification for not providing such portability. MFS, comments, pp. 8-9. Teleport claims the additional cost of implementing local number portability would be minimal. Teleport, comments, pp. 7-8. US West disagrees with Teleport on additional cost. US West, reply comments, p. 5.

64 Bell Atlantic, comments, p. 5; BellSouth, comments, p. 16; NPTC, comments, p. 3; NYNEX, comments, p. 8; NYNEX, reply comments, pp. 4-6; Pacific, comments, p. 13; Rochester, comments, p. 4-5; SNET, comments, p. 8; Southwestern, comments, pp. 13-14; Southwestern, reply comments, pp. 6-7; Sprint, comments, pp. 10-11; USTA, comments, p. 14.

65 CSCN, comments, p. 2; NYNEX, comments, p. 8-9; Southwestern, comments, pp. 13-14; Southwestern, reply comments, pp. 6-7.

43. In addition, some commenters request that this Commission address the dialing arrangement decisions traditionally made by state regulatory authorities. Specifically, Ad Hoc suggests we impose a standard, nationally uniform dialing pattern that would use the digit "1" as the toll indicator. Ad Hoc objects to eliminating the digit "1" as a toll call identifier in some states, claiming that such a change would cause substantial customer confusion and potentially reduce competition in the long distance market.[66] Ad Hoc claims that the plan it advocates is also needed to enable end-users to more easily restrict unauthorized toll calls.[67]

44. We recognize the concerns expressed by Ad Hoc regarding the diversity of current dialing arrangements. We note that most, if not all, affected states have already conducted proceedings to consider their particular choice of dialing options. The National Association of Regulatory Utility Commissioners (NARUC) has also endorsed a minimum standard dialing plan.[68] Before we can decide whether or how we should respond to Ad Hoc's request, we need additional information on the specific problems presented by non-uniform dialing arrangements, the problems these arrangements have created or will create in the future, and the specific steps commenters would have this Commission take to remedy those problems. We therefore invite comment in this docket on each of these matters.

III. PHASE TWO OF THE DOCKET

A. Introduction

45. Phase Two of the docket sought comment on the expansion of Feature Group D (FGD) Carrier Identification Codes (CICs) from three digits to four digits. CICs are numeric codes that are widely used within the telephone industry to enable LECs to provide access to long distance carriers, route traffic, identify types of service, bill access purchasers, and for other purposes.[69] Expansion of the current supply of these CICs is important to our nation's continued economic growth because such expansion facilitates increased access to the public switched telephone network by end users as well as by long distance carriers.

46. An access purchaser must have a CIC in order to obtain FGD

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66 Letter from Ad Hoc to the Commission (May 6, 1993)(Ad Hoc Letter). The Ad Hoc Letter requested initiation of a rulemaking proceeding. It was co-signed by California Bankers Clearing House Association; MasterCard International, Inc.; New York Clearing House Association, Securities Industry Association, Consumer Federation of America, County of Los Angeles, Information Technology Association of America, International Communications Association, New York Consumer Protection Board, and Tele-Communications Association.

67 Ad Hoc, comments, pp. 18-20.

68 On March 2, 1994, NARUC's Executive Committee adopted a series of resolutions that endorsed establishment of a minimum standard dialing plan of Prefix "1" + Area Code + Central Office Code on a permissive basis, as an "overlay," to existing state dialing plans with the understanding that if this minimum standard dialing plan is not workable in a particular location, the LEC should route the call to an announcement explaining applicable dialing procedures.

69 The NANP administrator assigns these codes using guidelines developed by the Industry Carriers Compatibility Forum sponsored by the Exchange Carriers Standards Association. Carrier identification code assignment guidelines, ICCF 92-0726-002, June 11, 1992.

access, often referred to as "equal" access. Such access allows "1 plus" calls to be routed directly to an access customer's facilities. FGD access has certain features not generally available through other forms of access, including presubscription[70] and automatic number identification (ANI).[71] Where FGD access is available, callers can use a Carrier Access Code (CAC) to reach long distance carriers by dialing 10XXX (where "XXX" is the long distance carrier's FGD CIC and "10XXX" is the CAC).

47. There are 969 potential three digit FGD CIC numbers, 810 of which had been assigned by the end of 1993. In view of anticipated future demands, the stock of three digit codes available for assignment will likely be exhausted within a year or so.

B. Feature Group D CIC Expansion Plan

48. To increase the number of FGD CICs, a plan was developed to change the format of these codes from three digits to four digits.[72] The change is planned for the first half of 1995. Expanding the length of the CIC codes will require a change in the dialing sequence for CAC codes. CAC codes will change from their current five digit format (10XXX) to a seven digit format (101XXXX).[73] These changes will require dialing extra digits and may be technically difficult and expensive. In light of these factors, the NOI raised the question of whether the decision to expand carrier identification codes should be reexamined.

49. Most commenters support the plan to expand FGD CIC codes to 4 digits. Most argue that the plan, adopted in 1988, reflects a broad industry consensus and that much of the work involved in expanding CICs (e.g., conversion or replacement of switches and other equipment) has already been done.[74] A

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70 In equal access areas, all toll calls leaving the local exchange carrier's service area are automatically routed to the subscriber's preselected or "presubscribed" long distance carrier unless the caller affirmatively selects another carrier (e.g., by dialing a carrier access code or an 800 number).

71 ANI provides the access purchaser with the telephone number from which a call originates. This is necessary for an IXC to bill the caller without requiring that caller to dial an identification or account number. ANI is a prerequisite for an IXC to offer "1 plus" service. In some but not all areas, LECs make ANI available to IXCs with Feature Group B (FGB) access. AT&T suggests that this Commission might delay exhaustion of FGD CICs by making FGB access service more attractive, for example, by requiring ANI identification on all FGB calls. AT&T, comments, p. 9. While such improvements in FGB might delay somewhat the exhaustion of FGD CICs, as indicated below, such conservation measures do not alter the inevitable choice between expansion and exhaustion.

72 The plan was adopted by the Industry Carriers Compatibility Forum (ICCF). The ICCF is sponsored by the Carrier Liaison Committee of the Exchange Carriers Standards Association. The most detailed planing document on this issue is Expansion of Carrier Identification Code Capacity for Feature Group D (FGD), Bell Communications Research, Technical Reference TR-NWT-001050, Issue 1, April 1991.

73 For example, AT&T's CIC would change from 288 to 0288. The prefix dialed to indicate a four digit CIC will be 101. As a result, AT&T's CAC would change from 10288 to 1010288.

74 Some LECs suggest that costs incurred by price cap carriers to implement four-digit CICs should be eligible for exogenous cost treatment under our price cap rules. See, e.g., Bell Atlantic, comments, p.4; Pacific, comments, pp. 9-10. Because this issue is outside the scope of this proceeding, we decline to

minority of commenters vigorously dispute the existence of an industry "consensus" and argue that the expansion plan will cause two types of problems. Some are concerned that the expanded CICs will be incompatible with some payphones and private branch exchanges (PBXs) now in use. Such equipment, they contend, would become obsolete if the expanded codes were implemented.[75] In addition, Allnet claims that a lengthened dialing code will increase the difficulties experienced in attracting customers who must dial such codes to use their preferred long distance carrier.[76]

50. We are persuaded by the comments that implementation of the expansion plan should not be delayed. The industry sought alternatives to the expansion of CICs to 4 digits, but concluded that no technical alternative was available.[77] While conservation can delay the date exhaustion occurs, it cannot change the fundamental choice between expansion of the supply of codes and complete exhaustion. After careful review of the record and the ICCF forum process, we tentatively conclude that, in general, the CIC expansion plan is reasonable. It appropriately reflects our policy that access should be provided to all purchasers without discrimination. However, some specification of the transition period appears warranted.

C. The Transition Period

51. Some transition or permissive dialing period is needed during which subscribers can use both 3 and 4 digit FGD CICs, because a "flash cut" conversion of all industry switches and other equipment at the same time is not feasible. Thus, the plan for expansion of the CAC format from 10XXX to the proposed 101XXXX format[78] allows a transition period during which either the old format or the new format can be used.[79] While an industry forum was able to agree on the basics of an expansion program, there has not yet been any consensus on the appropriate length of a permissive dialing period. The NANP administrator therefore selected a transition period of 18 months.[80]

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interpret or reconsider those rules in this docket.

75 Intellicall, reply comments, p. 2.

76 Allnet, comments, p. 8; reply comments pp. 1-3.

77 The primary technological alternative suggested and rejected was "sectorization" (i.e., the reuse of the same code in different geographic areas). Letter from T. A. Saunders, Vice President, Operations Technology, Bellcore, to R. Firestone, Chief, Common Carrier Bureau (April 10, 1991). If adopted, sectorization would permit several carriers in different sections of the country -- whose service territories did not overlap -- to "share" a single CIC. Regional carriers, however, claim such a plan might impede their future expansion. Also, access providers contend duplication of CICs in different sections would impair access billing. AT&T, comments, p. 8; Ameritech, Phase Two comments, p. 3; BellSouth, comments, p. 20; MCI, reply comments, pp. 2-3; SNET, comments, p 6.

78 See para. 47, supra, regarding expansion of CACs.

79 This is similar to the permissive dialing periods provided for NPA splits which typically last for a year after the split.

80 Letter from G. Handler, Vice President, Network Planning, Bellcore, to R. Firestone, Chief, Common Carrier Bureau (Oct. 13, 1989).

52. LECs generally support the shortest possible transition period.[81] They argue that a shorter period would decrease their switching costs and reduce customer confusion.[82] In addition, some BOCs contend that an extended transition period would conflict with their obligations under the AT&T consent decree.[83]

53. Most other parties urge adoption of a longer transition period. AT&T, for example, contends that it will take more than six and a half years before all AT&T PBX users have equipment in place that will handle the expanded CICs.[84] Pay telephone providers argue that many independent public payphones are incapable of handling 101XXXX dialing and thus would be made obsolete.[85] IXCs also generally support an extended transition period. MCI and AT&T suggest that the period last for as long as a dozen years[86] and Sprint suggests what may be, in effect, an unending transition period.[87]

54. We tentatively find that lengthening the transition period will significantly reduce -- even to the point of virtually eliminating -- the hardships imposed on pay phone providers, manufacturers, and PBX users. A longer transition or permissive dialing period will mean that less existing equipment would need to be retired prematurely. Accordingly, we propose to specify a transition period of six years and we seek comment on this proposal.[88]

D. Interstate, IntraLATA Toll Calls

55. Carrier Identification Codes (CICs), as part of Carrier Access Codes (CACs), are sometimes required for customers to obtain access to their preferred interexchange carriers (IXCs). This situation frequently occurs with respect to interstate toll traffic (i.e., MTS traffic) that does not cross a LATA boundary. While customers have been able, through presubscription, to select an IXC of their choice for interLATA "1+" calls, presubscription has not been available for intraLATA "1+" toll calls. As a result, intraLATA toll calls are

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81 See, e.g., GTE, comments, p. 22; NYNEX, reply comments, p. 2; Pacific, reply comments, p. 2; Southwestern, comments, p. 10; reply comments pp. 3-4.

82 Southwestern argues, in addition, that the dialing disparity would be a disadvantage for any new carrier and give an unfair advantage to AT&T. Southwestern, reply comments, pp. 2-3.

83 Pacific Telesis expresses concern that it may be a violation of BOC equal access obligations to provide 10XXX access to AT&T while some of AT&T's competitors could be reached only through 101XXXX. Pacific Telesis, comments, pp. 8-9.

84 AT&T, reply comments, p. 4.

85 Intellicall, comments, pp. 4-6. For example, APCC argues that a "12-year transition period would allow payphone owners and other CPE owners to avoid the prohibitive costs involved in prematurely retiring equipment well in advance of the end of its useful life. APCC, reply comments, pp. 6-7.

86 AT&T, comments, p. 9; MCI, reply comments, pp. 4-6.

87 Sprint, reply comments, pp. 1-3.

88 Extension or revision of existing conservation measures may be required in order to ensure an adequate transition period. Thus, we ask Bellcore, the current NANP administrator, to use industry forum procedures to consider any modifications to the Carrier Identification Code Assignment Guidelines that will be necessary during the longer transition period.

routinely completed by the LEC rather than turned over to the presubscribed interLATA IXC.[89] This practice generally applies to both interstate and intrastate, intraLATA toll calls.[90]

56. In order for a customer to have an interstate, intraLATA MTS call completed by the IXC that handles the customer's other interstate toll calls, the customer must dial a CAC.[91] Allnet argues that increasing the CAC to seven digits (101XXXX) will increase the difficulty that consumers experience in obtaining access to their preferred IXC and thus increases the discrimination faced by IXCs in competing for intraLATA traffic. Accordingly, Allnet suggests that all current five digit (10XXX) CAC assignments be grandfathered and that expansion of CICs to 4 digits be deferred until "nationwide dial 1 equal access for all intraLATA toll carriers" becomes available at both the intrastate and interstate levels.[92]

57. The LECs' treatment of interstate, intraLATA toll traffic raises a number of questions that we believe require further consideration at this time.[93] For example, the current system may well reduce competition for this traffic and may defeat customer expectations that all of their interstate toll traffic will be carried by their presubscribed IXC. Further, such calls are sometimes carried by a LEC at tariffed rates substantially higher than would have been charged if the call had been turned over to the customer's presubscribed

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89 The LEC process of screening and completing intraLATA MTS calls instead of turning them over to the IXC selected by the customer is sometimes referred to as "stripping."

90 At least some states have begun consideration of whether they should institute presubscription for intrastate, intraLATA toll calls.

91 When a 10XXX access code is dialed for an interstate call, the LEC will turn over the call to the long distance carrier. For intrastate calls, the LEC will turn over the call to that carrier if the state has authorized competition for those types of calls. Where a state commission has not authorized competition, an intrastate intraLATA toll call will generally be blocked and the caller will receive an intercept message.

92 Allnet, comments, p. 8.

93 Technically, Allnet's concern applies to all intraLATA toll calls, most of which are intrastate and not within our purview. We restrict our attention to that relatively small proportion of toll calling which is both interstate and intraLATA in nature. We have stated that such traffic is "clearly within our jurisdiction" and required that "full access charges be applied to the origination and termination of interstate, intraLATA services at both ends of a call." Application of Access Charges to the Origination and Termination of Interstate, IntraLATA Services and Corridor Services, Memorandum Opinion and Order (FCC 85-172), released Apr. 12, 1985 (paras. 7 and 9).

We recently decided, in complaint proceedings brought under Section 208 of the Act, 47 U.S.C. §208, that BOC retention of intraLATA traffic absent customer use of a CAC did not constitute unlawful discrimination. See Allnet Communication Services, Inc. v. Illinois Bell, et al., 8 FCC Rcd 3030 (1993) and Allnet Communication Services, Inc. v. US West Inc., 8 FCC Rcd 3017 (1993). That complaint proceeding, however, did not address the broader, prospective policy questions concerning interstate, intraLATA toll calling.

interLATA IXC.[94] Because business customers with high calling volumes may have choices other than "1+" MTS for these toll calls (e.g., least cost routing equipment), such higher rates may be paid disproportionately by residential ratepayers. Thus, it appears that consumer benefits could result from measures to increase competition for this traffic. At the same time, we recognize that the amount of toll traffic involved is relatively small. Moreover, because of the MFJ's interLATA prohibition,[95] measures that ensure that interstate, intraLATA "1+" toll traffic is handled by the presubscribed, interLATA IXC could effectively prevent the BOCs from competing for this traffic.[96] It may also conflict with the MFJ assumption that the BOCs would be able to compete for all intraLATA toll traffic.

58. In light of these considerations, we seek comment on whether we should require local exchange carriers to cease screening and completing interstate intraLATA "1+" MTS calls and, instead, deliver those calls to the carrier preselected by the end user unless the preliminary routing numbers indicate otherwise. We invite interested parties to comment on the timing, costs and benefits of steps modifying the current LEC treatment of intraLATA, interstate toll traffic.

IV. PROCEDURAL MATTERS

59. Regulatory Flexibility Act. We certify that the Regulatory Flexibility Act of 1980 does not apply to this rulemaking proceeding because, if the proposed rule amendments are promulgated, there will not be a significant economic impact on a substantial number of small business entities, as defined by Section 601(3) of the Regulatory Flexibility Act. While the rules proposed in this proceeding would apply to telecommunications corporations of all sizes that are now assigned telephone numbers or that may in the future seek such assignments, the impact on small business entities served by these corporations and on small telecommunications companies is not likely to be significant. Similarly, our proposed rules on interstate, intraLATA toll traffic are not expected to have a significant impact on small telecommunications companies or other small business entities. The Secretary shall send a copy of this Notice of Proposed Rulemaking, including the certification, to the Chief Counsel for Advocacy of the Small Business Administration in accordance with paragraph 603(a) of the Regulatory Flexibility Act. Pub. L. No. 96-354, 94 Stat. 1164, 5 U.S.C. § 601, et seq. (1981).

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94 For example, a daytime call, handled by Bell Atlantic's Chesapeake and Potomac operating company between Silver Spring, Maryland, and Manassas Virginia (a distance of about 30 miles), is now more expensive than a daytime call from Silver Spring to San Francisco handled by either MCI or AT&T.

95 The Modification of Final Judgement (MFJ) in the AT&T antitrust case included a condition that the Bell Operating Companies not complete toll calls that cross LATA boundaries. See, e.g., MFJ Provision II.D.3., U.S. v. AT&T, 552 F.Supp. 131, 228 (D.D.C. 1982).

96 Allnet suggests using a "2-PIC" system, to avoid this, whereby the customer chooses an interLATA presubscribed carrier (as today), and separately chooses an intraLATA presubscribed carrier. Allnet, reply comments, p. 3. Allnet suggests that the intraLATA carrier could either be a choice between the interLATA carrier and the LEC ("modified 2-PIC method") or a completely independent selection ("full 2-PIC method"), for which the chosen interstate intraLATA carrier could be neither the interLATA carrier nor the LEC if the customer so desires. Implementation of such a mechanism would undoubtedly impose additional costs on the BOCs. It is also possible that the treatment of intraLATA toll would best be considered in conjunction with BOC requests for entry into the interLATA market.

60. Comment Dates. Pursuant to applicable procedures set forth in Sections 1.415 and 1.419 of the Commission's Rules, 47 C.F.R. § 1.415 and 1.419, interested parties may file comments on or before June 7, 1994, and reply comments on or before June 30, 1994. To file formally in this proceeding, you must file an original and four copies of all comments, reply comments, and supporting comments. If you want each Commissioner to receive a personal copy of your comments, you should file an original and nine copies. You should send comments and reply comments to Office of the Secretary, Federal Communications Commission, Washington, D.C. 20554. Comments and reply comments will be available for public inspection during regular business hours in the FCC Reference Center (Room 239) of the Federal Communications Commission, 1919 M Street, N.W., Washington, D.C. 20554.

61. Ex Parte Rules - Non-restricted Proceeding. This is a non-restricted notice and comment rulemaking proceeding. Ex parte presentations are permitted, except during the Sunshine Agenda period, provided they are disclosed as provided in Commission rules. See generally, 47 C.F.R. §§ 1.1202, 1.1203, and 1.1206(a).

V. ORDERING CLAUSES

62. Accordingly, IT IS ORDERED, pursuant to Sections 1, 4(i), 201-205, and 403 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 201-205, and 403, that NOTICE IS HEREBY GIVEN of the proposed regulatory actions described above and COMMENT IS SOUGHT on these proposals.

63. For further information on this item, contact Peyton Wynns (202) 632-1365 in the Industry Analysis Division of the Common Carrier Bureau.

FEDERAL COMMUNICATIONS COMMISSION

APPENDIX A

Comments on Phases One and Two

The following parties filed comments and/or reply comments on Phase One and/or Phase Two of the Notice of Inquiry released in CC Docket 92-237

A. Initial Comments on Phases One and Two

1. Ad Hoc Telecommunications Users Committee ("Ad Hoc")
2. Aeronautical Radio, Inc., and the Air Transport Association of American ("ARINC/ATA")
3. Allnet Communication Services, Inc. ("Allnet")
4. American Public Communications Council ("APCC")
5. American Personal Communications ("APC")
6. American Telephone and Telegraph Company ("AT&T")
7. Ameritech Operating Companies ("Ameritech")
8. AMSC Subsidiary Corporation ("AMSC")
9. Bell Atlantic Telephone Operating Companies ("Bell Atlantic")
10. Bell Canada ("Bell Canada")
11. Bell Communications Research Inc. ("Bellcore")
12. BellSouth Corporation ("BellSouth")
13. Canadian Steering Committee on Numbering ("CSCN")
14. Cellular Telecommunications Industry Association ("CTIA")
15. Centel Corporation ("Centel")
16. Cincinnati Bell Telephone Company ("CBT")
17. Cox Enterprises, Inc. ("Cox")
18. GTE Service Corporation ("GTE")
19. Illinois Commerce Commission ("Illinois")
20. Information Industry Association ("IIA")
21. Intellicall, Inc. ("Intellicall")
22. McCaw Cellular Communications, Inc. ("McCaw")
23. MCI Telecommunications Corporation ("MCI")
24. Metrocall of Delaware, Inc. ("Metrocall")
25. MFS Communications Company, Inc. ("MFS")
26. National Association of Regulatory Utility Commissioners ("NARUC")
27. North American Telecommunications Association ("NATA")
28. National Cable Television Association ("NCTA")
29. National Telephone Cooperative Association ("NTCA")
30. New York Public Service Commission ("NYPSC")
31. North American Telecommunications Association ("NATA")
32. North Pittsburgh Telephone Company ("NPTC")
33. NYNEX Telephone Companies ("NYNEX")
34. Pacific Telesis Group ("Pacific")
35. Paging Network, Inc. ("PageNet")
36. Rochester Telephone Corporation ("Rochester")
37. Southern New England Telecommunications Corporation ("SNET")
38. Southwestern Bell Corporation ("Southwestern")
39. Sprint Corporation ("Sprint")
40. Telco Planning, Inc. ("Telco")

A. Initial Comments on Phases One and Two (continued)

41. Teleport Communications Group ("Teleport")
42. Telocator, the Personal Communications Industry Association ("Telocator")
43. US West, Inc. ("US West")
44. United States Telephone Association ("USTA")
45. Unitel Communications Inc. ("Unitel")
46. Vanguard Cellular Systems, Inc. ("Vanguard")
47. Whidbey Telephone Company ("Whidbey")

B. Reply Comments on Phases One and Two

1. Ad Hoc
2. Allnet
3. APC
4. APCC
5. AT&T
6. Ameritech
7. Bellcore
8. BellSouth
9. Cox
10. CTIA
11. FleetCall, Inc. ("Fleetcall")
12. GTE
13. Intellicall
14. McCaw
15. MCI
16. MFS
17. NARUC
18. NYNEX
19. Ohio Local Interconnection Exchange Company ("Ohio LINX")
20. Pacific
21. Southwestern
22. Sprint
23. Teleport
24. Telescan ("Telescan")
25. Telocator
26. USTA
27. US West

APPENDIX B

PROPOSALS FOR NUMBERING POLICY BOARD OR SIMILAR POLICY BODIES

1. AT&T WZ1 Numbering Forum

AT&T recommends establishment of a World Zone 1 (WZ1) Numbering Forum that would be open to all and would include a "Policy Development Committee" and a separate "Administration and Implementation Group." AT&T explains that the policy committee would include representatives of both government and industry. The administrative group would be responsible for carrying out policy committee decisions in accordance with guidelines provided by the committee. Issues that could not be resolved by the committee would be subject to Commission's alternate dispute resolution (ADR) procedures. However, if such procedures were not appropriate, this Commission could resolve the matter through its complaint process or other existing procedures. AT&T, comments, p.4-7.

2. Bellcore Steering Committees

In the second edition of its Proposal on the Future of Numbering, Bellcore recommends formation of two NANP steering committees: a WZ1 Steering Committee and a U.S. Numbering Steering Committee. The primary purpose of these new committees would be to resolve issues that existing forums are unable or unwilling to resolve. In addition, the WZ1 committee would also develop a WZ1-wide funding arrangement to finance administration of the NANP. While the NANP administrator would be directed by consensus of the WZ1 committee, that administrator would have authority, under extenuating or otherwise urgent circumstances, to make decisions regarding the WZ1 use of NANP number resources. Bellcore's proposed U.S. Numbering Steering Committee would be open in both membership and in the conduct of its meetings. As both the Commission and NARUC would be active participants, the committee would function as the leading U.S. telecommunications forum for numbering and would therefore handle project management duties and would address disputes that could not otherwise be resolved. As with the WZ1 committee, the NANP administrator would have the authority in certain cases to make decisions regarding the use of NANP resources in the U.S.

3. BellSouth WZ1 Numbering Forum

BellSouth presents a comprehensive proposal for Commission establishment of a single new WZ1 Numbering Forum (WNF) that would be open to all industry segments and participants. This forum would rely upon the industry consensus process to support its actions and recommendations. Bellsouth explains that a Commission representative would attend WNF meetings but would not vote because the Commission might be called upon to review WNF actions. Initial WNF projects would include plans for the transfer of NANP administration and funding the costs of NANP administration. Bell South, reply comments, pp 1-8

4. Canadian Steering Committee

Unitel suggests the Canadian Steering Committee on Numbering (CSCN) as model for an advisory committee that would guide NANPA. Such a committee would have representatives from industry and users with observers from government and regulatory agencies. Unitel, comments, p. 3. In its comments, the CSCN notes it was established under the auspices of the Canadian Department of Communications and has been given authority to develop strategies and appropriate numbering guidelines and procedures. CSCN, comments, p. 1-2.

5. MCI's NANP Council

While MCI's proposed "NANP Council" would not decide policy, it would facilitate industry consensus through use of the existing committee system and the application of new guidelines and procedures established by the Commission. A separate entity -- which MCI calls the NANP "Registrar" would have the expertise to perform the strictly ministerial functions such as assigning numbers and keeping records of number assignments. MCI, comments, p. 19-22.

The NANP Council's subtending committees would develop assignment guidelines, resolve disputed numbering issues, and perform planning functions. Where consensus is reached, the item would be referred to the Commission for publication and approval as appropriate. Where consensus is not reached, other options would be available to the council including procedures for expedited referral to the Commission. MCI, comments, p. 20-21.

6. Metrocall NANP Policy Board

Metrocall urges establishment of an NANP Policy Board that would be self-funded but subject to Commission's authority. Initially, this Board would submit plans to the Commission for a new NANP administrator by a certain deadline. Upon Commission approval of those plans, the Board would then develop contracting guidelines for bidding the administration of NANP. While the administration contract would be for ten years, Metrocall explains that the contract would be awarded through a special auction at which the winner would be the qualified bidder who offered to administer the NANP for the lowest schedule of per number charges. Metrocall claims the administrator's revenues would be high enough to not only to meet its expenses but also to return a profit to the administrator. Metrocall, comments, p. 5-6.

7. Pacific's Number Advisory Council

Pacific's proposed Number Advisory Council would convene a numbering forum to handle numbering issues currently being addressed in other forums, to address various other numbering policy issues, and to assist with the planning function. Pacific's proposed council would not be involved in day-to-day administration but would be available to resolve any complaints which arise. Pacific's proposed council would adopt rules to act on a consensus basis so that no party would be able to veto a majority-decision of the council but the Commission would remain available to hear appeals. Pacific, comments, p. 5-6.